



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।
IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"
RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.488 /RJT/2025

निर्धारण वर्ष/Assessment Year :2017-18

Atul Jential Gumasana, Prabhat Industries, Gundala Road, Gondal – 360311(Gujarat)	बनाम/ Vs	Income Tax Officer, Ward1(2)(1) Aaykar Bhawan, Race Course Ring Road, Rajkot – 360001
स्थायी लेखासं./जीआइआरसं./PAN/GIR No.: AESPG4868G		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

निर्धारिती की ओर से/Assessee by : Shri Samir Bhuptani Ld. AR
राजस्व की ओर से/Revenue by : Shri Abhimanyu Singh Yadav, Ld.DR

सुनवाई की तारीख/Date of Hearing : Heard 08/09/2025,
resfixed for clarification on
22.01.2026

घोषणा की तारीख/Date of Pronouncement : 27/01/2026

आदेश/ORDER

Per, Dr. Arjun Lal Saini, A.M.

The present appeal has been filed by the Assessee, against the order passed by the Learned Commissioner of Income Tax (Appeal), Ahmedabad/ National Faceless Appeal, Centre (NFAC), Delhi dated [hereinafter referred to as "CIT(A)"]10.06.2025, arising in the matter of assessment order passed u/s. 147 of the Income Tax Act, 1961 (here-in-after referred to as "the Act") relevant to the Assessment Year 2017-18.

2. Although, this appeal filed by the assessee, for Assessment Year 2017-18, contains, multiple ground of appeals. However, at the time of hearing, I have



carefully perused all the grounds raised by the assessee. I find that most of the grounds raised by the assessee, are either academic in nature or contentious in nature. However, the solitary grievance of the assessee is Id.CIT(A) erred in sustaining the addition of Rs. 8,78,000/-, on account of alleged unexplained cash deposits in bank accounts by invoking provision of section 69A of the Act.

3. Succinctly, the factual panorama of the case is that assessee before me is an Individual and has filed return of his income for the relevant assessment year, on 29/08/2017, declaring total income of Rs. 2,94,130/- for assessment year (A.Y.) 2017-18. As per information, during the previous year, relevant to assessment year 2017-18, the assessee has made cash deposit in both bank accounts No. 8110100000246 and 8120100000182, accounts held with the Co-operative Bank of Rajkot Limited, Gondal to the tune of Rs.22,02,642/-(Rs.7,75,000 + Rs.14,27,642/-) during financial year 2016-17. However, ongoing through the particulars of return of income filed by the assessee for the relevant year, it was observed by the assessing officer that the said deposits do not commensurate with the return profile of the assessee. During the assessment proceedings, the assessing officer issued a show-cause notice to the assessee to explain the source of cash deposit.

4. In response to the notice of the assessing officer, the assessee submitted the following details and documents and written submission before the assessing officer, which are reproduced below:

“We received your notice regarding our scrutiny assessment under section 142(1) of the Income tax Act 1961, for A.Y 2017-18. We would like to present detail as per your given notice.

We are submitting herewith the income tax return copy filed under section 148 with necessary details like computation of income, and balance sheet.

During the financial year, we carried out the trading business of edible oil as a proprietor concern named M/s Prabhat Industries copy of our balance sheet and audit



report is attached herewith for your verification. We received income from the above trading business sources.

As per your required, we are submitting all our Bank account statements for your verification. And also submitting our bank book for your verification.

During the above A.Y 2017-18, we have a bank account in The co-operative bank of Rajkot Ltd. Gondal, Our bank account no is.8110100000246 and 8110100000182. During the above year, we made cash deposit transactions in our above bank account. A copy of both bank account statements is attached here for your verification. We would also like to clarify that all bank accounts covered in our books of account and transactions made in the above account already show income tax return. So, there is no issue of hiding any transaction in our case.

During the year we made a cash deposit in our above accounts. We made a cash deposit from the cash on hand in our books. We have cash sales during the above year and have a cash balance in our hands. Herewith we are submitting our cash book, and bank books for your verification. Respected sir, you can verify our cash flow in our cash book. During the year we have cash sales and cash withdrawals from the bank so we have sufficient cash in our hands. Among them, we made a cash deposit in the bank.

Respected sir, we have regularly maintained our books of accounts and updated our books on a daily basis, we have made a cash deposit from our cash on hand in our books of account copy of our cash book is attached herewith for your verification. We have also attached our bank book copy for your verification, we have also attached confirmation from the bank for the deposit of SBN during the demonetization period. Herewith we are submitting our bank book and cash book for your verification. And also, for confirming our cash balance in our hand at the time of cash deposit in our bank account as mentioned in your notice.

So please take these details in your record and complete our assessment as per the return filed by us.”

5. Along with the above reply, the assessee had furnished Balance Sheet, Profit and loss account, Bank Accounts, Bank pass book, Income Tax Return, Computation of Income, Cash Ledger account, confirmation, and Bank Statement etc.

6. The assessing officer accepted the above reply of the assessee and therefore, out of the total proposed addition in the hands of the assessee of Rs.



Rs.22,02,642/-, the assessing officer, only made addition in the hands of the assessee, to the tune of Rs.8,78,000/-, as unexplained money u/s 69A of the Act.

7. Aggrieved by the order of the assessing officer, the assessee carried the matter in appeal before the learned CIT(A), who has confirmed the action of the assessing officer. Therefore, the assessee is in further appeal before this Tribunal.

8. I have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the Id CIT(A) and other materials brought on record. I note that the assessing officer had accepted, partly the documents and evidences, and therefore did not make entire addition in the hands of the assessee, however, for Rs. 8,78,000/-, the assessee, had failed to prove the source, therefore, assessing officer made the addition and on appeal, by the assessee, learned CIT(A) confirmed the addition made by the assessing officer. I note that order passed by Id. CIT(A) is a technical / summary dismissal, and not a reasoned appellate order on merits. Under section 250(6) of the Income-tax Act, 1961, the CIT(A) is mandatorily required to dispose of the appeal on merits, and pass a speaking order stating points for determination, decision thereon, and reasons. I also note that assessee has submitted the entire documents and evidences before the assessing officer, and now the assessee does not have any further documents and evidences to be submitted before the assessing officer. Therefore, considering the smallness of the amount and taking into account the fact that assessee does not have any additional evidence to be submitted before the lower authorities. Therefore, in appropriate cases depending on facts and record availability, the Tribunal may decide the issue itself on merits. I note that as per assessing officer, the assessee



has failed to prove the source of the amount of cash deposit in the bank account to the tune of Rs. 8,78,000/-, although the assessee has filed the documentary evidences, before the assessing officer to prove the source of the cash deposit. I note that the complete disallowance of Rs. 8,78,000/-, cannot be made in the hands of the assessee, as the assessee has filed some documentary evidences before the assessing officer which is mentioned in the assessment order. Besides, only the profit element embedded in the cash deposit in the bank account of Rs. 8,78,000/-, should be made in the hands of the assessee. I note that during the financial year, the assessee carried out the trading business of edible oil, as a proprietor concern, named M/s Prabhat Industries and copy of balance sheet and audit report were submitted by the assessee before the assessing officer. The assessee received income from the above trading business, which are the sources of cash deposit in the bank account, as stated by the assessee. Considering these facts, I am of the view that it is fair and reasonable to disallow 10% of Rs.8,78,000/-, which comes to Rs.87,800/-, which will take care of inconsistencies in the documents and evidences filed by the assessee before the assessing officer. Therefore, I direct the assessing officer to tax the amount of Rs.87,800/-, in the hands of the assessee, by following the normal rate of income tax. It is also made clear that instant adjudication shall not be treated as a precedent in any preceding or succeeding assessment year.

9. In the result, appeal of the assessee is partly allowed in above terms.

Order pronounced in the open court on 27/01/2026.

Sd/-

(Dr. Arjun Lal Saini)

लेखा सदस्य/Accountant Member

राजकोट/Rajkot
दिनांक/ Date: 27/01/2026

//True Copy//



Copy of the order forwarded to :

1. The assessee
2. The Respondent
3. CIT
4. The CIT(A)
5. DR, ITAT, RAJKOT
6. Guard File

By order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot